Alberta weekly economic review

February 24, 2012

Retail Trade

Retail sales finish a record year...

After four straight monthly increases, Alberta retail sales took a small step back in December 2011. Alberta retail sales were $5.6 billion in December 2011, down 0.7% from November, but still 7.1% ahead of December 2010. This marks the fifth month in a row that sales have exceeded their pre-recession peaks. Strong job gains, rising incomes, and a growing population undoubtedly contributed to the solid year-over-year growth, as all retail industries tracked by Statistics Canada posted gains. Overall, 2011 proved to be a record year for retail trade, with sales climbing by 7.0% to over $64 billion for the year. Car purchases, along with electronics and appliances, were among the growth leaders in retail sales, pointing to increased consumer confidence in the province.

Nationally, retail sales edged down 0.2% in December. The decline in sales were focused in sectors typically associated with Christmas shopping. Many analysts suggest that November's strong national retail numbers were driven by stronger than normal Black Friday sales, which pulled a portion of holiday purchases into November. Despite the monthly decrease, Canadian retail sales came in 3.4% above December 2010 and, for the entire year, were 3.6% above 2010 levels.

Average Weekly Earnings

Earnings growth outpaces inflation ...

Alberta's average weekly earnings bounced back in December following two revised monthly declines. Average earnings were $1,064 in December, up a sharp 1.6% from November and 5.2% ahead of December 2010. Alberta continues to have the highest earnings in the country at levels that are more than 20% above the national average.

In 2011, Alberta posted the second highest gain in average earnings (+4.7%) among all provinces, behind only Newfoundland and Labrador. Alberta workers earned more than enough to offset the increases in consumer prices of 2.4% in 2011, leaving an increase in real earnings. Conversely, on a national level, real earnings retreated, as inflation (+2.9%) outpaced weekly earnings growth (+2.6%) in 2011.

Canadian Corporate Profits

Profits up sharply in the fourth quarter...

Canadian companies saw their bottom line improve in the final quarter of 2011, after two consecutive quarterly decreases. Canadian corporate operating profits jumped 9.0% to over $71 billion in the fourth quarter, with both financial and non-financial sectors posting gains. Year-over-year growth was also strong, with profits coming in 13.6% above the final quarter of 2010. Despite this solid growth, quarterly operating profits are still tracking below their pre-recession peak.

Wholesale Trade

Wholesale trade edges down, but concludes a record year...

After hitting a record level in October, wholesale trade fell for the second month in a row. December 2011 sales fell 0.3% over November to $6.4 billion. Despite the monthly decrease, wholesale trade posted an impressive 14.4% year-over-year gain, more than double the national rate.

2011 was a record year for wholesale trade, with purchases rising 14.8% to over $70 billion. The strong annual growth was broad based, as most component sub-sectors reported gains.

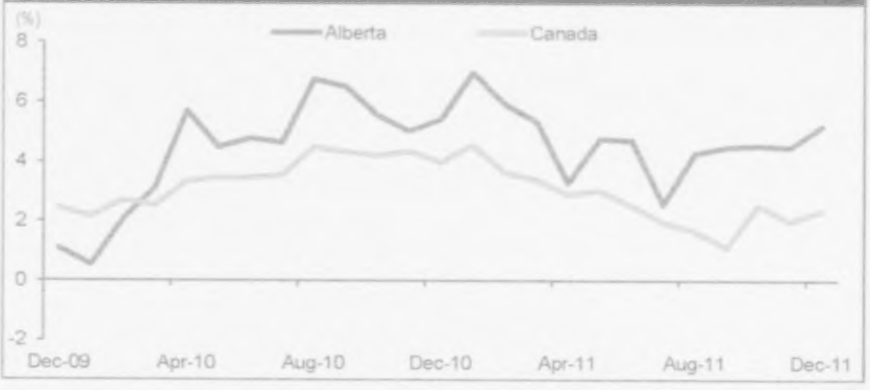
Farm Cash Receipts

Farm cash receipts bounce back...

Alberta farmers saw their revenue increase in the final quarter of 2011. After two straight quarterly declines, Alberta farm cash receipts jumped 19.9% to almost $3 billion in the fourth quarter on gains in both crop and livestock categories.

In 2011, strong product prices propelled farm cash receipts. Following two annual declines, Alberta's farm cash receipts were over $10 billion during the year, up 16.2% from 2010, outpacing the 11.2% national increase.

Average Weekly Earnings (year-over-year percentage change)



Closing Prices	February 17, 2012	February 24, 2012	2011–12 Fiscal YTD
Canadian Dollar ($US/$CAN)	100.04	100.12	100.71
WTI Oil ($US/bbl)	$103.24	$100.77	$96.18
NYMEX Natural Gas ($US/MMBtu)	$2.66	$2.55	$3.76

Alberta Economic Indicators[1]

Population	2010	2011	2012YTD	Aug	Sep	Oct	Nov	Dec	Jan
Population[2] ('000's)	3,721	3,779	3,799	–	–	3,799	–	–	–
% change	1.3	1.6	1.1	–	–	1.1	–	–	–
Net Interprovincial Migration[3] (level)	-3,180	13,660	3,136	–	–	3,136	–	–	–
Net International Migration[3] (level)	21,529	14,083	7,580	–	–	7,580	–	–	–
Net non-permanent Residents[3] (level)	-77	-7,989	2,295	–	–	2,295	–	–	–
Labour Market									
Employment ('000's)	2,017	2,044	2,135.1	2,111	2,119	2,125	2,132	2,103	2,135
% change	-0.4	3.8	3.9	4.3	5.1	4.4	4.9	4.3	3.9
Unemployment Rate (%)	6.5	5.5	4.9	5.6	5.1	5.1	5.0	4.9	4.9
Participation Rate (%)	72.9	73.7	74.1	74.2	74.3	74.1	74.2	74.0	74.1
NEW: Average Weekly Earnings ($)	960	1039.6	–	1,044.3	1,050.2	1,049.9	1,047.6	1,041.8	–
NEW: % change	4.5	4.7	–	4.3	4.5	4.5	4.5	4.5	–
Price Indices									
Consumer Price Index	1.0	2.4	2.9	2.9	2.8	3.4	3.2	2.9	2.9
Excluding food and energy	0.8	0.8	1.4	0.6	1.4	1.1	1.5	1.2	1.4
Non-Res. Building Const. Price Index[4]	0.1	3.4	–	–	3.3	–	–	4	–
Farm Product Price Index	3.9	16.2*	–	11.4	13.6	11.3	8.5	–	–
Crops*	14.5	16.7*	–	9	9.5	2.8	2.3	–	–
Livestock	5.7	16.9*	–	16.4	14.6	14.3	13.5	–	–
Household Sector									
Housing Starts (SAAR) ('000's)	26.9	25.5	25.4	31.1	28.4	30.0	29.9	26.7	25.4
% change	34.5	-5.3	31.6	34.1	9.6	25.0	34.7	37.4	31.6
Housing Price Index[4]	0.5	0.4	–	0.2	0.0	0.7	0.4	0.5	–
Edmonton	-0.8	0.9	–	0.9	0.6	1.1	1.1	1.2	–
Calgary	1.7	0.1	–	0.5	-0.5	0.3	0.2	0.1	–
MLS Average Resale Prices ($ 000's)	360.9	355.8	347.0	351.2	358.2	362.3	355.6	357.0	347.0
% change	3.1	1.0	-1.5	0.5	1.5	1.4	0.3	0.7	-1.5
Edmonton ($ 000's)	326.5	325.7	324.70	324.6	331.8	326.1	326.0	328.0	324.7
% change	2.3	-0.9	0.50	0.9	3.0	0.7	0.9	1.3	0.5
Calgary ($ 000's)	397.4	402.8	386.60	400.4	410.4	401.5	399.7	402.4	386.6
% change	3.4	0.9	4.20	3.1	0.2	1.4	-0.2	1.2	-4.2
NEW: Retail Sales	6.0	7.0	–	7.2	6.0	10.4	7.6	7.1	–
New Motor Vehicle Sales	9.3	0.3	–	6.0	5.4	17.5	12.1	10.9	–
Consumer Bankruptcies (level)	8,150	5,969*	–	595	525	515	–	–	–
% change	-18.4	14.3*	–	3.3	-28.3	26.4	–	–	–
Business Sector									
Rig Drilling (level)	207	285	401	329	346	335	330	338	401
% change	61.3	37.9	7.8	45.4	36.5	28.7	19.4	35.8	7.8
Goods Exports (customs based)	12.4	18.3	–	28.5	27.8	21.2	30.9	14.5	–
Energy	12.2	19.2	–	40.0	29.2	25.4	33.6	15.3	–
Agriculture	14.4	21.4	–	16.4	41.5	36.5	31.2	30.3	–
NEW: Total Farm Cash Receipts (quarterly)	3.9	16.2	–	–	11.0	–	–	22.2	–
Manufacturing Shipments	11.0	18.0	–	16.8	22.9	16.4	25.4	15.8	–
NEW: Wholesale Trade	10.8	14.8	–	14.1	12.5	17.6	15.0	14.4	–
Building Permits	2.1	11.2	–	30.4	9.6	12.7	14.6	50.6	–
Residential	24.7	4.7	–	39.0	33.3	21.4	85.1	37.8	–
Non-residential	19.0	20.4	–	63.0	24.6	1.3	-7.1	65.6	–
Business Bankruptcies (level)	378	227*	–	26	23	30	–	–	–
% change	-8.7	-27.9*	–	13.3	32.4	25.0	–	–	–

YTD (year- to- date) represents the change since the beginning of the year compared to the same period in the previous year.

[1] Unless otherwise indicated, all figures are year- over- year percentage change.

[2] Quarterly, annual numbers are presented on a census year basis (July 1 – June 30).

[3] Quarterly, average of Calgary and Edmonton.

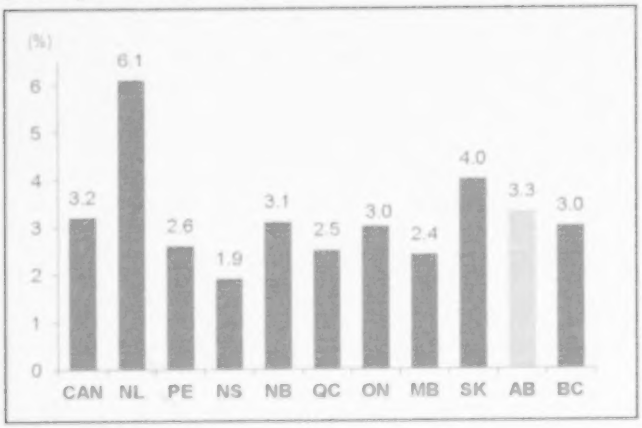
[4] Average of Calgary and Edmonton.

* Represents 2011 year- to- date.

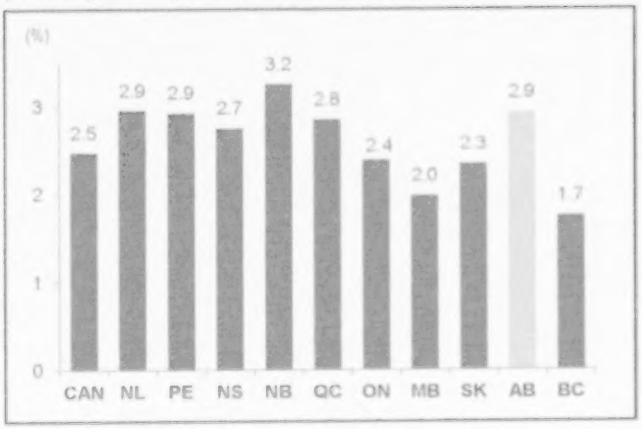
Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (Office of the Superintendent of Bankruptcy Canada).

Economic Indicators by Province

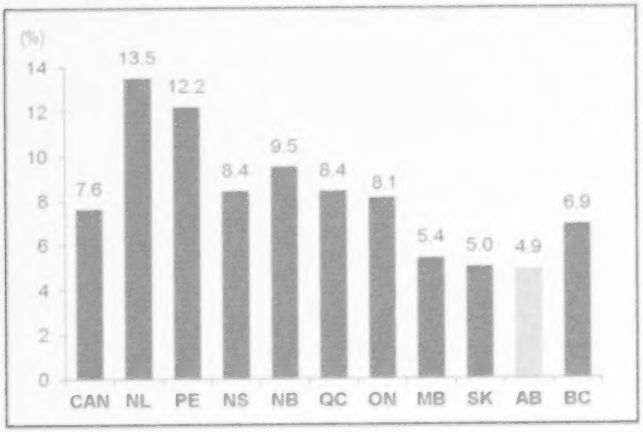
Real GDP Growth
(2010, year-over-year growth)



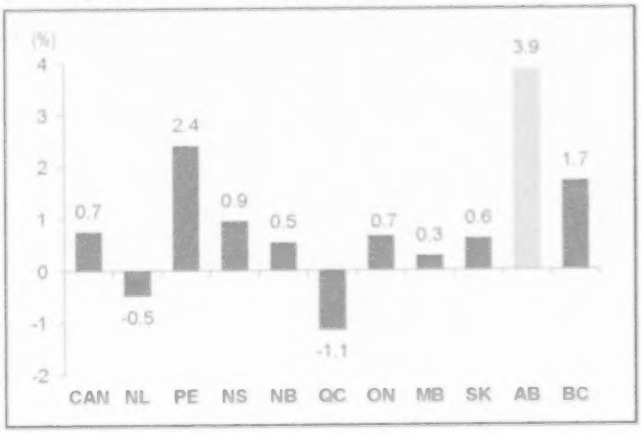
CPI Inflation
(January 2012, year-over-year growth)



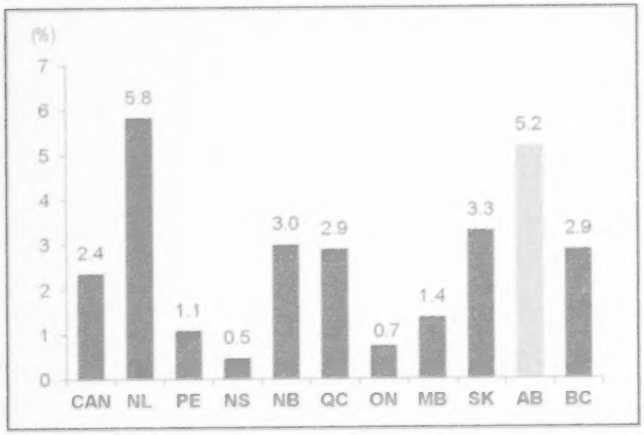
Unemployment Rate
(January 2012)



Employment
(January 2012, year-over-year growth)



Average Weekly earnings
(December 2011, year-over-year growth)



Housing Starts
(January 2012, SAAR, year-over-year growth)